



Investment business Suitability of advice

In 2024, we undertook thematic assessment visits to evaluate the extent supervised persons were assessing their adherence to legislative and regulatory requirements and the effectiveness of their controls.



Good practice we observed

- ▶ Comprehensive records of client discussions were documented and maintained. A copy of the fact-find was provided to the client, who was asked to confirm its accuracy and comprehension by signing. This document would then serve as the foundation for the advice given.
- ▶ Suitability training was tailored to each registered person and periodically refreshed based on their understanding of the practical steps required to provide suitable advice. This understanding was assessed through various client scenarios.
- ▶ Suitability letters were jargon-free and easy to understand. They clearly outlined recommendations, explained why each investment was considered suitable, and included a comprehensive tabular breakdown of all commissions, fees, and charges to ensure transparency.



Areas of improvement we identified

- ▶ Fact finds and risk profiles did not comprehensively record consideration of certain key information, such as the client's investment knowledge, capacity for loss, current and future expenditure requirements and an assessment of any vulnerabilities.
- ▶ Risks that could impact the provision of suitable advice to clients were not periodically considered, assessed and documented. This increases the likelihood that those risks are not adequately monitored or controlled.
- ▶ Suitability letters did not include sufficient detail or provide adequate clarity in respect of cooling off periods and compensation schemes.



Key considerations

- ▶ Do you regularly review and benchmark your suitability framework against relevant legislative and regulatory requirements? This helps identify changes and ensures that systems and controls, including policies and procedures, remain fit for purpose.
- ▶ Do you periodically review and agree on your compliance monitoring plan to ensure it is appropriately risk-based and remains effective? Can monitoring arrangements be promptly adjusted if an increase in risk is identified?
- ▶ Have you benchmarked the content of your suitability letters against section 5.5 of our [guidance note](#) on the suitability of advice? This section outlines the information that should be provided within suitability letters.